

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 7/22/2011

**GAIN Report Number:** IN1164

## India

**Post:** New Delhi

### Weekly Highlights and Hot Bites No. 29

**Report Categories:**

Agriculture in the News

**Approved By:**

Thom Wright

**Prepared By:**

Santosh Singh, Ritambhara Singh, Amit Aradhey, Shubhi Mishra

**Report Highlights:**

\*Food grain production jumps to record level\*, \*Cumulative All India rainfall 3 percent below LPA: IMD\*, \*India to grow at 8.6 percent in fiscal 2010/12 and inflation to fall to 6-7 percent\*, \*Multi-brand retail: Keep FDI riders to minimum, says PM's advisory panel\*, \*Census shows India urbanizing faster\*, \*Food inflation dips to 7.58 percent on cheaper pulses, cereals\*, \*Draft Food Bill warns against diversion of farm land\*, \*The State of Rajasthan orders poultry farms to stop starving hens\*.

## **General Information:**

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

## **FOOD GRAIN PRODUCTION JUMPS TO RECORD LEVEL**

Bolstered by record output of wheat and pulses, India's food grain production in 2010/11 crop year (August/July) is estimated at a record 241.6 million tons, about 10.8 percent more than last year. Production of pulses is estimated at a record 18.1 million tons, up 23 percent over last year as very strong prices supported higher acreage. Ministry of agriculture officials report that increasing domestic production can reduce India's pulse imports. Among other crops, production of wheat is estimated at a record 85.9 million tons, about 6.3 percent higher than last year's record level. Coarse cereal production is estimated at 42.2 million tons, nearly 27 percent higher than last year. Sugarcane production is estimated at 339 million tons, more than 16 percent higher than last year. Total oilseed production is up 25 percent from last year estimated at 31 million tons. Rice production is also up seven percent estimated at 95.3 million tons, but below the record production of 99.2 million ton in 2008/09. (Source: [Business Standard 7/20/2011](#); Also see [GOI's Official Press Release](#))

## **CUMULATIVE ALL INDIA RAINFALL 3 PERCENT BELOW LPA: IMD**

The south west monsoon covered the entire country on July 09, about one week earlier than normal. For the week ending July 13, the rainfall deficiency for the country as a whole was 19 percent of the Long Period Average (LPA) with deficient rains in all regions except central India. Cumulative all India rainfall (June 1 to July 13) was 3 percent below the LPA. For the week (July 23 -27), IMD had forecast fairly widespread rainfall over most parts of the country except south interior peninsula where subdued rainfall conditions may prevail. (Source: [Press Release IMD](#), 07/15/11)

## **INDIA TO GROW AT 8.6 PERCENT IN FISCAL 2010/12 AND INFLATION TO FALL TO 6-7 PERCENT**

On the back of uncertainty in the global economy and instability in the global economic recovery process, the Finance Ministry, Government of India (GOI) pegged India's growth rate for 2011/12 at 8.6 percent (Economic survey 2010/11 predicted it at 9 percent) and would review it once the first quarter GDP figures are out by August end. Indian exports are growing high, despite uncertainty in Europe, and diversifications of exports have taken place. On the agriculture front, sugar prices have moderated, pulse production has increased substantially, and with an outlook of bumper food grain production in 2010/12, food inflation by end of this fiscal is expected anywhere between 6 and 7 percent. (Source: [Business Standard](#), 07/21/11)

## **MULTI-BRAND RETAIL: KEEP FDI RIDERS TO MINIMUM, SAYS PM'S ADVISORY PANEL**

The Prime Minister's Economic Advisory Council (PMEAC) advised the Government to go for a straight-forward approach to foreign direct investment (FDI) in multi-brand retail. There is no consensus over the limit within the Government. The Department of Industrial Policy and Promotion (DIPP) wants 51 per cent equity participation for the foreign partner, while the Consumer Affairs Ministry is for a 49 per cent cap. Now, the Committee of Secretaries will have the final word. FDI was allowed in single brand retail from February 2006. Over the past five years, nearly 55 foreign investors have invested over \$100 million in the sector. (Source: [Business Line](#), 07/20/2011)

## **CENSUS SHOWS INDIA URBANIZING FASTER**

More of the countryside is turning into towns and more village folk are moving to cities. The tempo of urbanization has picked up to a three-decade high, say demographers on the 2011 census data on urbanization released recently. Urbanization went up 3.35 points over the past 10 years; there was a similar leap of 3.43 points in 1971-81. The high rates of urbanization have raised concern about the implications on food production. However, experts say that data on urbanization is incomplete without data on migration. (Source: [Business Standard](#), 07/20/2011)

## **FOOD INFLATION DIPS TO 7.58 PERCENT ON CHEAPER PULSES, CEREALS**

Food inflation eased to 7.58 per cent for the week ending July 9, with even dairy products and protein-based items witnessing a decline in the rate of price rise. Economists believe that the food inflation will fall further if the monsoon remains normal. Inflation in onions dropped substantially to 19.68 per cent from 30.72 per cent in the previous week. Inflation in eggs, meat and fish declined to 7.97 per cent compared to 11.95 per cent, while inflation in milk decelerated to 10.76 per cent from 12.39 per cent. Even then, the Reserve Bank of India is likely to raise the repo (short-term lending) rate by 25 basis points, as overall inflation still stood at 9.44 per cent in June. (Source: [Business Standard](#), 07/22/2011)

## **DRAFT FOOD BILL WARNS AGAINST DIVERSION OF FARM LAND**

The draft food security bill, recently cleared by the Empowered Group of Ministers says, "For further advancing food and nutritional security, the central, state and local governments shall strive to progressively realize steps to prohibit unwarranted diversion of land and water from food production." The draft said agrarian reforms should be undertaken keeping in mind the interests of small and marginal farmers. It also called for measures to incentivize decentralized procurement, geographical diversification of procurement operations and giving top priority to the movement of grains from one place to another. The draft also called for revitalizing the public distribution mechanism in states. (Source: [Business Standard](#), 07/20/2011)

## **THE STATE OF RAJASTHAN ORDERS POULTRY FARMS TO STOP STARVING HENS**

With poultry farms mushrooming in certain districts of Rajasthan due to soaring land prices in the adjoining National Capital Region, the State Animal Husbandry Department has asked authorities to strictly ensure compliance of the Animal Welfare Board of India order to discontinue starvation force molting regimes by egg producers. Starvation force molting is widely practiced at egg production facilities throughout the country. The practice involves depriving egg-laying hens of food for up to 14 days and may be combined with one to two days of water deprivation in order to manipulate their egg-laying cycle. During forced molt, hens suffer greatly and even lose up to 35

per cent of their body weight. (Source: [The Hindu](#), 07/22/2011)

#### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN1163	Weekly Hot Bites, #28	07/15/2011

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